



Frank S. Simone
Executive Director-
Federal Regulatory

AT&T Services Inc. T: 202.457.2321
1120 20th Street, NW F: 832.213.0282
Suite 1000
Washington, DC 20036

DOCKET FILE COPY ORIGINAL

June 22, 2007

FILED/ACCEPTED

JUN 22 2007

Federal Communications Commission
Office of the Secretary

Ms. Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, D.C. 20554

Re: Permanent Cost Allocations Manual for the Separation of
Regulated and Nonregulated Costs for Ameritech, Pacific Bell,
Nevada Bell, The Southern New England Telephone and
Southwestern Bell Telephone Companies

Dear Ms. Dortch:

Pursuant to Section 64.903(b) of the Commission's rules, as amended by the *Report and Order* in CC Docket No. 99-253, AT&T Inc. respectfully submits an original and three copies of partial updates to the Cost Allocation Manual ("CAM") filing for Ameritech, Pacific Bell, Nevada Bell, The Southern New England Telephone and Southwestern Bell Telephone Companies.

AT&T's CAM is revised to eliminate from Section II, Nonregulated Activities, two products which are no longer provided. Also, Section V, Transactions with Affiliates, is updated for the provision of an additional OI&M service to an affiliate. Section VI, Cost Apportionment Tables, is revised to add a description of an existing cost pool apportionment method. All changes to the CAM can be identified by annotations in the right hand margin of each revised page and are described in the attachment.

Please contact me at (202) 457-2321 should you have any questions about this CAM filing.

Sincerely,

Enclosures

No. of Copies rec'd 0+4
List ABCDE

TRANSMITTAL MATRIX CAM CHANGES

Page USOA Account	<u>Change From</u>	<u>Description of change</u>	<u>Change To</u>	<u>Reason for Change</u>	<u>Annualized Quantification</u>
II-1	Billing and Payment Processing Services -- Southwestern Bell		N/A (Not Applicable)	Southwestern Bell no longer provides Billing and Payment Processing services.	N/A
II-2	Directory White Page Service -- Southwestern Bell		N/A	Southwestern Bell no longer provides Directory White Page Service.	N/A
II-4 thru II-6	1: Billing and Payment Processing Services; 5: Directory White Page Service.		1: Reserved; 5: Reserved	Southwestern Bell no longer provides neither Billing and Payment Processing Services nor Directory White Page Service.	N/A
V	See Transmittal Attachment A for Section V explanations.		See Transmittal Attachment A for Section V explanations.	See Transmittal Attachment A for Section V explanations.	See Transmittal Attachment A for Section V explanations.
VI-15	N/A		Added description of the Investment Value of Account 2001, Telecommunications Plant in Service apportionment method in the introductory portion of Section VI.	To describe the Investment Value of Account 2001, Telecommunications Plant in Service apportionment method used in Section VI.	N/A

TRANSMITTAL MATRIX CAM CHANGES
Description of change

<u>Page</u> USOA <u>Account</u>	<u>Change From</u>	<u>Change To</u>	<u>Reason for Change</u>	<u>Annualized Quantification</u>
V-16	N/A, BellSouth Long Distance, Inc., #1	D (Network Surveillance, Provisioning, Translations and Technical Support (FDC, FMV) - BellSouth Long Distance, Inc., #1)	Added service to affiliate.	N/A

AMERITECH/NEVADA BELL/PACIFIC BELL/SOUTHERN NEW ENGLAND/
SOUTHWESTERN BELL TELEPHONE CAM

CURRENT PAGE INDEX

<u>SECTION</u>	<u>PAGES</u>	<u>DATE REVISED</u>
I. Introduction	1	12/21/06
	2	12/21/06
	3	12/21/06
	4	12/21/06
	5	12/21/06
	6	12/21/06
II. Nonregulated Activities	1	6/22/07
	2	6/22/07
	3	12/21/06
	4	6/22/07
	5	6/22/07
	6	6/22/07
III. Incidental Activities	1	12/21/06
	2	12/21/06
	3	12/21/06
	4	12/21/06
IV. Chart of Affiliates	1	12/21/06
	2	12/21/06
	3	12/21/06
	4	12/21/06
	5	12/21/06
	6	12/21/06
	7	12/21/06
	8	12/21/06
	9	12/21/06
	10	12/21/06
	11	12/21/06
	12	12/21/06
	13	12/21/06
	14	12/21/06
	15	12/21/06
	16	12/21/06
	17	12/21/06
	18	12/21/06
	19	12/21/06
	20	12/21/06
	21	12/21/06
	22	12/21/06
V. Transactions with Affiliates	1	12/21/06
	2	12/21/06
	3	12/21/06
	4	12/21/06
	5	3/23/07
	6	4/30/07

<u>SECTION</u>	<u>PAGES</u>	<u>DATE REVISED</u>
V. Transactions with Affiliates (Continued)	7	4/30/07
	8	4/30/07
	9	4/30/07
	9A	4/30/07
	10	4/30/07
	11	4/30/07
	12	1/16/07
	13	4/30/07
	14	4/30/07
	15	4/30/07
	16	6/22/07
	17	3/23/07
	18	3/23/07
	19	3/23/07
	20	4/30/07
	21	3/23/07
	22	3/23/07
	23	3/23/07
	24	4/30/07
VI. Cost Apportionment Tables	1	12/21/06
	2	12/21/06
	3	12/21/06
	4	12/21/06
	5	4/30/07
	6	12/21/06
	7	12/21/06
	8	12/21/06
	9	12/21/06
	10	12/21/06
	11	12/21/06
	12	12/21/06
	13	12/21/06
	14	12/21/06
	15	6/22/07
	16	12/21/06
	17	12/21/06
	18	12/21/06
	19	12/21/06
	20	12/21/06
	21	12/21/06
	22	3/23/07
	23	3/23/07
	24	12/21/06
	25	3/23/07
	26	3/23/07
	27	12/21/06

SECTION II – NONREGULATED ACTIVITIES

The Companies presently offer the following nonregulated activities. If individual operating companies are not specified, the activity is provided by Ameritech, Nevada Bell, Pacific Bell, Southern New England Telephone (SNET) and Southwestern Bell Telephone.

Computer Services

Computer services involve the offering of a capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing, or making available data which may be conveyed via intraLATA telecommunications. It includes the E911 automatic location identification (ALI) service, which is also offered interLATA on an integrated basis in accordance with CC Docket No. 96-149.

It also includes computer bureau services, which involve providing the use of company-owned or leased computer hardware, as well as the systems personnel, to process software owned or licensed by the customer. It also involves related report generation and systems maintenance. Also included is Responsible Organization Services offered by Ameritech.

Customer Premises Equipment and Wire Services

These services include the sale or lease, installation, maintenance and repair of customer premises equipment (CPE), simple and complex wire, intra- and inter-building cable and voice, data and/or video equipment as well as other related telecommunications equipment on the customer's side of the network interface. For example, this would include Digital NCTE. This service also includes installation, maintenance and/or management services (e.g., consulting, design, engineering and administration activities) associated with customer-owned networks including, but not limited to, other telecommunications provider networks. These network plans can consist of customized wiring (copper, coaxial or fiber) and/or equipment that provide voice, data and/or video services. Inside wire maintenance plans are also offered as a part of this service.

Directory Listing Services

These services include the provision of (1) nonregulated operator-assisted directory information, including listings for out-of-region interLATA telephone numbers, such as National Directory Assistance, International Directory Assistance and Reverse Directory Assistance, (2) directory-provided information services such as Category Search, and (3) electronic directory services, such as Electronic White Pages and Reverse Number Search, in which directory listing information is provided in response to an electronic customer request.

Incidental InterLATA Services – Ameritech, Pacific Bell and Southwestern Bell

This activity is classified as nonregulated for accounting purposes and consists of certain incidental interLATA services that the Companies were authorized to provide pursuant to Section 271(g) (but not including interLATA services described at 271(g)(4)) of the Telecommunications Act of 1996. Such services were not previously authorized or permitted under the Modification of Final Judgment ("MFJ"). These services are being classified as nonregulated, even though they may be provided under tariff, pursuant to the requirements of the Accounting Safeguards Order, CC Docket No. 96-150, adopted December 23, 1996, paragraphs 75-76.

Internet Protocol Services—Ameritech, Pacific Bell, Southwestern Bell and SNET

Internet Protocol (IP) Services which include internet access and IP video.

Marketing Services

Marketing services include retail sales of products and the administrative support of sales operations, including joint marketing, for outside third parties and affiliates.

Pay Telephone CPE and Service

CC Docket 96-128, Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, adopted rules to implement Section 276 of the Telecommunications Act of 1996 which established pay telephone service as a competitive nonregulated service. The new law required the reclassification of pay telephone equipment and service to nonregulated effective April 15, 1997. Consistent with the 1996 Act's definition, "payphone service" means the provision of public and semi-public pay telephones, the provision of inmate telephone service in correctional facilities and any ancillary services.

Phone Cost Management Support - Ameritech, Nevada and Pacific Bell

Phone Cost Management Support offers customers such products as Customer Dialed Account Recording (CDAR) and Account Code. The products permit a customer to add a customer-designated account number to the Automatic Message Accounting (AMA) record for any Station Message Detail Recording (SMDR) call. The record is provided to the customer with the monthly bill and contains all information required for SMDR plus the customer-designated account number.

NONREGULATED ACTIVITIES

ACTIVITY																	
1: Reserved						7: Marketing Services						13: Protocol Conversion					
2: Computer Services						8: Pay Telephone CPE and Service						14: Software Services					
3: Customer Premises Equipment and Wire Services						9: Phone Cost Management Support						15: Spread Spectrum Alarm Service					
4: Directory Listing Services						10: Planning and Development Activities						16: Voice Messaging Services					
5: Reserved						11: Post Sales Customer Care						17: Reserved					
6: Incidental InterLATA Services						12: Professional Services						18: Internet Protocol Services					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
ACCT																	
1220	X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
1410	X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
2002		X					X										
2003	X	X	X		X		X		X				X	X	X		X
2111	X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
2112	X	X	X		X	X	X	X	X	X	X	X	X	X			X
2114	X	X	X		X	X	X	X	X	X	X	X	X	X			X
2121	X	X	X		X	X	X	X	X	X	X	X	X	X			X
2122	X	X	X		X	X	X	X	X	X	X	X	X	X			X
2123	X	X	X		X	X	X	X	X	X	X	X	X	X			X
2124	X	X	X		X	X	X	X	X	X	X	X	X	X			X
2211								X									
2212					X			X	X			X					X
2220			X														
2231					X												
2232					X									X			X
2311		X															
2341	X	X															
2351							X										
2362			X														X
2411									X								
2421																	X
2422					X												X
2423					X												X
2441					X												X
2681	X	X	X		X	X	X	X	X	X	X	X	X	X			X
2682	X	X	X		X	X	X	X	X	X	X	X	X	X			X
2690	X	X	X		X	X	X	X	X	X	X	X	X	X			X

NONREGULATED ACTIVITIES

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
ACCT																		
3100		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
3410		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
3420		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
4100		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
4300		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
4340		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
5280		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
5300		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
6112		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
6114		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
6121		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
6122		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
6123		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
6124		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
6211								X										
6212						X				X						X		X
6220				X				X										
6231						X												
6232		X	X			X												X
6311			X															
6341			X															
6351								X										
6362		X	X							X								X
6421			X															X
6422			X			X												X
6423			X															X
6441			X			X												
6512		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
6531			X	X		X	X			X	X		X			X		X
6532			X	X		X	X	X		X						X		
6533			X	X			X	X			X				X			
6534		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
6535		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X

NONREGULATED ACTIVITIES

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
ACCT																		
6540								X										
6561		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
6563		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
6564		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
6611		X	X	X			X	X	X	X	X		X	X	X	X		X
6613		X	X	X			X	X	X		X			X	X	X		X
6622			X	X				X										
6623		X	X	X			X	X	X	X	X		X		X	X		X
6720		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
7100		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
7210		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
7220		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
7230		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
7240		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
7250		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
7300		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X
7500		X	X	X		X	X	X	X	X	X	X	X	X	X	X		X

AFFILIATE TRANSACTIONS MATRIX FROM TELCOS TO AFFILIATES

Service Provided**	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29
Communications and Equipment (FDC, FMV)		D			D	O	O	D				D		O	D					D	O						O	D	
Resources Support (FDC, FMV)																													
Relations Services (FDC, FMV)		O	O	O		O		O				O	O	O	O			O	O	O	O		O		O		O		
er Care (FDC, FMV)		D			O	D		D							D					D	D							D	
adband Service (FDC, FMV)								D																					
Subscriber Loop (DSL) and Provisioning (FDC, FMV)																				D									
Subscriber Loop (DSL) Network & Engineering (FDC, FMV)																				D									
ing Support (FDC)					O									O						D									
Operations Support (FDC)		D																											
Performance Monitoring (FDC)		O																											
Surveillance, Provisioning, ons and Technical Support (V)	D	D			D			D							D					D								D	
anagement (FDC)		D						O																					
umber Administration Services (V)		D						D							D														

outh Long Distance, Inc.
ong Distance, LLC
nternational, Inc.
c Bell Directory
Diversified Group, Inc.
c Bell Information Services
na, Inc.
nternet Services, Inc.

10= BellSouth Advertising & Publishing Corporation
11= BellSouth MNS, LLC
12= AT&T Services, Inc.
13= AT&T Management Services, L.P.
14= AT&T Operations, Inc.
15= AT&T Corp.
16= AT&T Enterprise Services, Inc.
17= L.M. Berry and Company
18= AT&T Labs, Inc.

19= Southwestern Bell Yellow Pages, Inc.
20= SBC Advanced Solutions, Inc.
21= AT&T Messaging, LLC
22= N/A
23= Sterling Commerce, Inc.
24= N/A
25= AT&T Video Services, Inc.
26= N/A
27= SNET Information Services, Inc.

28= SNET America, Inc.
29= N/A
30= N/A

ges V-8 through V-11 appearing earlier in Section V for a more detailed description of services provided
D = Daily, W = Weekly, M = Monthly, Q = Quarterly, A = Annually, O = Occasionally

ch/Nevada Bell/Pacific Bell/
n New England Telephone/Southwestern Bell Telephone
ocation Manual

V-16
Revised: 06/22/07

COST POOL APPORTIONMENT METHOD (cont.)

Analysis of Use of the Rented Asset

Rented Land and Building Assets are directly attributed to regulated and nonregulated based on analyzing the purpose for which the rented asset is used. For example, rental payments incurred under the terms of the MFJ in connection with network facilities are directly attributed to regulated.

Relative Investment Value

For those accounts where relative investment value is specified as the basis of apportioning costs between regulated services and nonregulated activities, a nonregulated percentage is developed from a specific investment component. The nonregulated percentage is developed by dividing the nonregulated investment in the specified accounts by the total investment in the accounts. Accounts allocated on relative investment provide for an indirect causal apportionment. The amount apportioned to nonregulated would be calculated by multiplying the ratio of nonregulated investment to total investment by the total value of the cost pool.

Investment Value of Account 2001, Telecommunications Plant In Service

For those cost pools where Investment Value of Account 2001, Telecommunications Plant In Service is specified as the basis of apportioning costs between regulated services and nonregulated activities, a nonregulated percentage is developed by summing Account 2001, Telecommunications Plant In Service (i.e., Accounts 2111 through 2690), the associated depreciation and amortization included therein and in Accounts 3100 through 3420, as well as adding in Accounts 2002 through 2005 (collectively referred to as "net plant investment"). The nonregulated percentage is developed by dividing the nonregulated net plant investment by the total net plant investment. The amount apportioned to nonregulated would be calculated by multiplying this nonregulated percentage by the total value of the cost pool. Cost pools allocated on net plant investment (a/k/a Investment Value of Account 2001, Telecommunications Plant In Service) provide for an indirect causal apportionment.